

EMAKHAZENI LOCAL MUNICIPALITY



2024/2025

SUPPLY CHAIN MANAGEMENT POLICY

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MUNICIPAL SUPPLY CHAIN MANAGEMENT

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LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003

The council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the **Emakhazeni Local Municipality**

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1. Definitions

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

“competitive bidding process” means a competitive bidding process referred to in

paragraph 12 (1) (d) of this Policy;

“competitive bid” means a bid in terms of a competitive bidding process;

“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

“formal written price quotation” means quotations referred to in paragraph 12 (1) (c) of this Policy;

“in the service of the state” means to be –

- (a) a member of –
 - (i) any municipal council;
 - (ii) any provincial legislature; or
 - (iii) the National Assembly or the National Council of Provinces;
- (b) an official of any municipality
- (c) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (d) a member of the accounting authority of any national or provincial public entity; or
- (e) an employee of Parliament or a provincial legislature;

“long term contract” means a contract with a duration period exceeding one year;

“list of accredited prospective providers” means the list of accredited prospective providers which the **municipality** must keep in terms of paragraph 14 of this policy;

“other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“PPPFA” means the Preferential Procurement Policy Framework Act, 2000 (Act no. 5 of 2000)

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005; and this includes Preferential Procurement Regulations No. 2721 of 2022

“written or verbal quotations” means quotations referred to in paragraph 12(1)(b) of this Policy.

“Community Based Vendor” means a supplier of goods, services and/or construction works who resides in a target area or community, who meets the criteria for community based vendors as determined by the Director: Supply Chain Management from time to time, and who is registered as such on the municipality’s Supplier database.

“Cession” means the transfer of only the right a service provider has in terms of a contract from it to the third party.

“highest acceptable tender” means a tender that complies with all specifications and conditions of tender and that has the highest price compared to other tenders;

“lowest acceptable tender” means a tender that complies with all specifications and conditions of tender and that has lowest price compared to other tenders;

“price” means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;

“Rand value” means the total estimated value of a contract in Rand, calculated at the time of the tender invitation;

“specific goals” means specific goals as contemplated in section 2(1)(d) of the PPPFA Act which may include contracting with persons, or categories of persons, historically disadvantaged by unfair discrimination on the basis of race, gender and disability including the implementation of programmes of the Reconstruction and Development Programme as published in *Government Gazette* No. 16085 dated 23 November 1994;

“tender” means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;

“tender for income-generating contracts” means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not

limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions.

CHAPTER 1
IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy

- (1) All officials and other role players in the supply chain management system of the **Emakhazeni Local Municipality** must implement this Policy in a way that
-
- (a) gives effect to –
 - (i) section 217 of the Constitution; and
 - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
 - (b) is fair, equitable, transparent, competitive and cost effective;
 - (c) complies with –
 - (i) the Regulations; and
 - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
 - (d) is consistent with other applicable legislation;
 - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
 - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (3) This Policy applies when the Municipality (Emakhazeni Municipality) –
- (a) procures goods or services;
 - (b) disposes goods no longer needed;
 - (c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
 - (d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

- (4) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
 - (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
 - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Amendment of the supply chain management policy

- (1) The accounting officer must –
 - (a) at least annually review the implementation of this Policy; and
 - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Council.

- (2) If the accounting officer submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –
 - (a) ensure that such proposed amendments comply with the Regulations; and
 - (b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

4. Delegation of supply chain management powers and duties

- (1) The council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –
 - (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
 - (i) Chapter 8 or 10 of the Act; and
 - (ii) this Policy;
 - (b) to maximise administrative and operational efficiency in the implementation of this Policy;
 - (c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
 - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

- (2) Sections 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

- (3) The accounting officer may not subdelegate any supply chain management powers or duties to a person who is not an official of the Municipality or to a committee which is not exclusively composed of officials of the municipality

- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 29 of this Policy.

5. Sub delegations

- (1) The accounting officer may in terms of section 79 or 106 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

- (2) The power to make a final award –
 - (a) above R10 million (VAT included) may be sub delegated by the accounting officer;
 - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or the chief financial officer or a senior manager
 - (c) not exceeding R2 million (VAT included) may be subdelegated but only to –
 - (i) the chief financial officer;
 - (ii) a senior manager;
 - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
 - (iv) a bid adjudication committee.

- (3) An official or bid adjudication committee to which the power to make final awards has been subdelegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–

- (a) the amount of the award;
 - (b) the name of the person to whom the award was made; and
 - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) must be submitted –
- (a) to the accounting officer, in the case of an award by –
 - (i) the chief financial officer;
 - (ii) a senior manager; or
 - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
 - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –
 - (i) a manager referred to in subparagraph (2)(c)(iii); or
 - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. Oversight role of council

- (1) The council reserves its right to maintain oversight over the implementation of this Policy.

- (2) For the purposes of such oversight the accounting officer must –
 - (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of this Policy and the supply chain management policy of the Municipality
 - (ii) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council
- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

7. Supply chain management unit

- (1) A supply chain management unit is hereby established to implement this Policy.
- (2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. Training of supply chain management officials

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2 SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system (Elements of SCM)

This Policy provides systems for –

- (i) demand management;
- (ii) acquisition management;
- (iii) logistics management;
- (iv) disposal management;
- (v) risk management; and
- (vi) performance management.

Part 1: Demand management

10. System of demand management

- (1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by the municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.
- (2) The demand management system must –
 - (a) include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for and timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;
 - (b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and
 - (c) provide for the compilation of the required specifications to ensure that its needs are met.

- (d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Part 2: Acquisition management

11. System of acquisition management

- (1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –
 - (a) that goods and services are procured by the municipality in accordance with authorised processes only;
 - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
 - (c) that the threshold values for the different procurement processes are complied with;
 - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
 - (e) that any Treasury guidelines on acquisition management are properly taken into account.

- (2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including -
 - (a) the kind of goods or services; and
 - (b) the name of the supplier.

12. Range of procurement processes

- (1) Goods and services may only be procured by way of –
 - (a) petty cash purchases, up to a transaction value of R2 000 (VAT included);
 - (b) written or verbal quotations for procurements of a transaction value over R2 001 up to R10 000 (VAT included);

- (c) formal written price quotations for procurements of a transaction value over R10 001 up to R200 000 (VAT included); and
 - (d) in the case of procurement of goods and services of a transaction values over R30 000.00, an original valid tax clearance certificate must be produced.
 - (e) a competitive bidding process for–
 - (i) procurements above a transaction value of R200 000 (VAT included); and
 - (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing-
- (a) lower, but not increase, the different threshold values specified in subparagraph (1); or
 - (b) to direct that –
 - i. written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
 - ii. formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
 - iii. a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) (a) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy.
- (b) When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

13 Planning, evaluation and identification of preference point system

13.1 Planning and stipulation of preference point system to be utilized

An organ of state must, prior to making an invitation for bids-

- (a) properly plan for, and, as far as possible, accurately estimate the costs of the provision of services, works or goods for which an invitation for bids is to be made;
- (b) determine and stipulate preference point system to be utilized in the evaluation and adjudication of the bids; and
- (c) determine whether the services works or goods for which an invitation for bidders is to be made has been designated for local production and content.

13.2 Evaluation of bids on functionality

- 1) An organ of state must indicate in the invitation to submit a bid if that bid will be evaluated on functionality.
- 2) The evaluation criteria for measuring functionality must be objective.
- 3) When evaluating bids on functionality, the-
 - a) evaluation criteria for measuring functionality;
 - b) weight of each criterion;
 - c) applicable values; and
 - d) minimum qualifying score for functionality, must be clearly specified in the invitation to submit bid.
- 4) No bid must be regarded as an acceptable bid if it fails to achieve the minimum qualifying score for functionality as indicate in the bid invitation.
- 5) Bids that have achieved the minimum qualification score for functionality must be evaluated further in terms of the preference point systems prescribed in terms of the preference point systems.

13.3 Identification of preference point system

1. An organ of state must, in the tender documents, stipulate—
 - (a) the applicable preference point system as envisaged in paragraph 13.4 to 13.7;
 - (b) the specific goal in the invitation to submit the tender for which a point may be awarded, and the number of points that will be awarded to each goal, and proof of the claim for such goal.

2. If it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—
 - (a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or
 - (b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system.

13.4 80/20 preference point system for acquisition of goods or services with Rand value equal to or below R50 million

The following formula must be used to calculate the points out of 80 for price in respect of an invitation for a tender with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = 80 \left(1 - \frac{Pt - Pmin}{Pmin} \right)$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

1. A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
2. The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
3. Subject to section 2(1)(f) of the PPPFA Act, the contract must be awarded to the tenderer scoring the highest points.

13.5 90/10 preference point system for acquisition of goods or services with Rand value above R50 million

The following formula must be used to calculate the points out 90 for price in respect of an invitation for tender with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 \left(1 - \frac{Pt - Pmin}{Pmin} \right)$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmin = Price of lowest acceptable tender.

- 1 A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.
- 2 The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
- 3 Subject to section 2(1)(f) of the Act, the contract must be awarded to the tenderer scoring the highest points.

13.6 80/20 preference points system for tenders for income-generating contracts with Rand value equal to or below R50 million

The following formula must be used to calculate the points for price in respect of an invitation for tender for income-generating contracts, with a Rand value equal to or below R50 million, inclusive of all applicable taxes:

$$Ps = 80 \left(1 + \frac{Pt - Pmax}{Pmax} \right)$$

Where-

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

1. A maximum of 20 points may be awarded to a tenderer for the specific goal specified for the tender.
2. The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
3. Subject to section 2(1)(f) of the PPPFA Act, the contract must be awarded to the tenderer scoring the highest points.

13.7 90/10 preference point system for tenders for income-generating contracts with Rand value above R50 million

The following formula must be used to calculate the points for price in respect of a tender for income-generating contracts, with a Rand value above R50 million, inclusive of all applicable taxes:

$$Ps = 90 \left(1 + \frac{Pt - Pmax}{Pmax} \right)$$

Where -

Ps = Points scored for price of tender under consideration;

Pt = Price of tender under consideration; and

Pmax = Price of highest acceptable tender.

1. A maximum of 10 points may be awarded to a tenderer for the specific goal specified for the tender.
2. The points scored for the specific goal must be added to the points scored for price and the total must be rounded off to the nearest two decimal places.
3. Subject to section 2(1)(f) of the PPPFA Act, the contract must be awarded to the tenderer scoring the highest points.

13.8 Organs of state may apply the Preferential Procurement Point system formula for price quotations with Rand value less than R30 000.00 if and when appropriate.

14. Criteria for breaking deadlock in scoring

1. If two or more tenderers score an equal total number of points, the contract must be awarded to the tenderer that scored the highest points for specific goals.
2. If two or more tenderers score equal total points in all respects, the award must be decided by the drawing of lots.

15. Cancellation and re-invitation of bids

15.1 In the event that, in the application of the 80/20 preference point system as stipulated in the bid document, all bids received exceed the estimated Rand value of R50 000 000.00, the bid invitation must be cancelled.

15.2 If one or more of the acceptable bids received are within the prescribed threshold of R50 000 000.00, all bids received must be evaluated on the 80/20 preference point system.

15.3 In the event that, in the application of the 90/10 preference point system as stipulated in the bid document, all bids received are equal to, or below Rand R50 000 000.00, the bid must be cancelled.

15.4 If one or more of the acceptable bids received are above the prescribed threshold of R50 000 000.00, all bids received must be evaluated on the 90/10 preference point system.

15.5 An organ of state which has cancelled a bid invitation as contemplated in sub-regulations 15.1 and 15.3 must re-invite bids and must, in the bid documents, stipulate the correct preference point system to be applied.

15.6 An organ of state may, prior to the award of bid, cancel a bid if-

- (a) Due to changed circumstances, there is no longer a need for the services, works or goods requested; or
- (b) Funds are no longer available to cover the total envisaged expenditure; or
- (c) No acceptable bids are received.

The decision to cancel a bid in terms of sub-regulation (15.6) must be published in the Government Tender Bulletin or the media in which the original bid invitation was advertised.

16. General preconditions for consideration of written quotations or bids

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

- (a) has furnished that provider's –
 - (i) full name;
 - (ii) identification number or company or other registration number; and

- (iii) tax reference number and VAT registration number, if any;
- (b) has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
- (c) has indicated –
 - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
 - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months;
 - or
 - a. whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.
- (e) Provided he or she is the resident within the Municipality boundaries, check if the rates and taxes are up to date.

17. Lists of accredited prospective providers

17.1 The accounting officer must –

- (a) keep a list of accredited prospective providers of goods and services in a data base system that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and
- (b) at least once a year through newspapers commonly circulating locally, and any other appropriate ways i.e notice boards, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
- (c) specify the listing criteria for accredited prospective providers; and
- (d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

17.2 The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

17.3 The list must be compiled per commodity and per type of service.

18 Petty cash purchases

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, are as follows –

- (a) Petty cash should not exceed the amount of R2000.00 a month, but can be added provided the R2000.00 has been reconciled.
- (b) a monthly reconciliation report from petty cash administrator must be provided to the chief financial officer, including –
 - (i) the total amount of petty cash purchases for that month; and
 - (ii) receipts and appropriate documents for each purchase.

19 Written or verbal quotations

The conditions for the procurement of goods or services through written or verbal quotations, are as follows:

- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 17.1(b) and (c) of this Policy;
- (b) to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and

- (e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

20 Formal written price quotations

20.1 The conditions for the procurement of goods or services through formal written price quotations are as follows:

- (a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality
- (b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 20.1(b) and (c) of this Policy;
- (c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
- (d) the accounting officer must record the names of the potential providers and their written quotations.

20.2A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

21 Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations is as follows:

- (a) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the

requirements of paragraph 17, be advertised for at least seven days on an official notice board of the municipality

- (b) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
- (c) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegation;
- (d) The accounting officer or chief financial officer must on a monthly basis be notified in written of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a sub-delegations; and
- (e) requirements for proper record keeping.
- (f) offers received must be evaluated on a comparative basis taking into account unconditional discounts;
- (f) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
- (g) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;
- (h) requirements for proper record keeping must be maintained at all times.
- (i) Procuring of goods and services in excess of R100 000 and unlimited must be reported to National Treasury on the monthly basis.

22 Competitive bids

22.1 Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

22.2 No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or

items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

23 Process for competitive bidding

The procedures for the following stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 24;
- (b) Public invitation of bids as detailed in paragraph 25;
- (c) Site meetings or briefing sessions as detailed in paragraph 25;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 26;
- (e) Evaluation of bids as detailed in paragraph 31;
- (f) Award of contracts as detailed in paragraph 32;
- (g) Administration of contracts
- (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (h) Proper record keeping
- (i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

24 Bid documentation for competitive bids

The criteria to which bid documentation for a competitive bidding process must comply, must –

- (a) take into account –
 - (i) the general conditions of contract and any special conditions of contract, if specified;
 - (ii) any Treasury guidelines on bid documentation; and
 - (iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

- (b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
 - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
 - (aa) for the past three years; or
 - (bb) since their establishment if established during the past three years;
 - (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
 - (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
 - (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

25 Public invitation for competitive bids

25.1 The procedure for the invitation of competitive bids is as follows:

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) the information contained in a public advertisement, must include –
 - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (25.2) of this policy;
 - (ii) a statement that bids may only be submitted on the bid documentation provided by The municipality ;and
 - (iii) date, time and venue of any proposed site meetings or briefing sessions.;

25.2 The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

25.3 Bids submitted to the municipality must be sealed.

25.4 Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

26 Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–
 - (i) must be opened only in public;
 - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
 - (iii) received after the closing time should not be considered and returned unopened immediately.

- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must –
 - (i) record in a register all bids received in time;
 - (ii) make the register available for public inspection; and
 - (iii) publish the entries in the register and the bid results on the website.

27 Negotiations with preferred bidders

27.1 The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –

- (a) does not allow any preferred bidder a second or unfair opportunity;
- (b) is not to the detriment of any other bidder; and
- (c) does not lead to a higher price than the bid as submitted.

27.2 Minutes of such negotiations must be kept for record purposes.

28 Two-stage bidding process

28.1 A two-stage bidding process is allowed for –

- (a) large complex projects;
- (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
- (c) long term projects with a duration period exceeding three years.

28.2 In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

28.3 In the second stage final technical proposals and priced bids should be invited.

29 Committee system for competitive bids

- (1) (a) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
 - i. a bid specification committee;
 - ii. a bid evaluation committee; and
 - iii. a bid adjudication committee;
 - (b) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
 - (c) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (2) The committee system must be consistent with –
 - (a) paragraph 30, 31 and 32 of this Policy; and
 - (b) any other applicable legislation.

(2) The accounting officer may apply the committee system to formal written price quotations.

30 Bid specification committees

30.1 A bid specification committee must compile the specifications for each procurement of goods or services by municipality

30.2 Specifications –

- (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
- (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
- (c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
- (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging,
- (e) intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
- (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations No. 2721 of 2022; and
- (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 25 of this Policy.

30.3A bid specification committee must be composed of one or more officials of the municipality preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

30.4No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

31 Bid evaluation committees

31.1 A bid evaluation committee must –

- (a) evaluate bids in accordance with –
 - (i) the specifications for a specific procurement; and
 - (ii) the points system set out in terms of paragraph 30.2(f).
- (b) evaluate each bidder's ability to execute the contract;
- (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
- (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

31.2 A bid evaluation committee must as far as possible be composed of-

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner of the municipality

32 Bid adjudication committees

32.1 A bid adjudication committee must –

- (a) consider the report and recommendations of the bid evaluation committee; and
- (b) either –
 - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
 - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

32.2 A bid adjudication committee must consist of at least four seniormanagers of the municipality which must include –

- (a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and

- (b) at least one senior supply chain management practitioner who is an official of the municipality and
- (c) a technical expert in the relevant field who is an official, if such an expert exists.

32.3 The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

32.4 Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

32.5(a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –

- (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
 - (ii) notify the accounting officer.
- (b) The accounting officer may –
- (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
 - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

32.6 The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

32.7 The accounting officer must comply with section 114 of the Act within 10 working days

33 Procurement of banking services

33.1 A contract for banking services –

- (a) must be procured through competitive bids;
- (b) must be consistent with section 7 or 85 of the Act; and
- (c) may not be for a period of more than five years at a time.

33.2 The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

33.3 The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

34 Procurement of IT related goods or services

34.1 The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

34.2 Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

34.3 The accounting officer must notify SITA together with a motivation of the IT needs if –

- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
- (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

34.4 If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

35 Procurement of goods and services under contracts secured by other organs of state

35.1 The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
- (b) there is no reason to believe that such contract was not validly procured;
- (c) there are demonstrable discounts or benefits to do so; and
- (d) that other organ of state and the provider have consented to such procurement in writing.

35.2 Subregulation 35.1 (c) and (d) do not apply if –

- (a) a municipality procures goods or services through a contract secured by its parent municipality; or
- (b) a municipality procures goods or services through contract secured by a municipal entity of which it is the parent municipality.

36 Procurement of goods necessitating special safety arrangements

- (1) A supply chain management policy places a restriction for the acquisition and storage of goods in bulk (other than water) which necessitate special safety arrangements, including gasses and fuel.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership and cost advantages for the municipality or municipal entity.

37 Proudly SA Campaign

The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;
- Thirdly – suppliers and businesses within the Republic.

38 Appointment of consultants

38.1 The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

38.2 Consultancy services must be procured through competitive bids if

- (a) the value of the contract exceeds R200 000 (VAT included); or
- (b) the duration period of the contract exceeds one year.

38.3 In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –

- (a) all consultancy services provided to an organ of state in the last five years; and
- (b) any similar consultancy services provided to an organ of state in the last five years.

38.4 The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality

39 Deviation from, and ratification of minor breaches of, procurement processes

39.1 The accounting officer may –

- (a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
 - (i) in an emergency;
 - (ii) if such goods or services are produced or available from a single provider only;
 - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
 - (iv) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
- (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

39.2 The accounting officer must record the reasons for any deviations in terms of subparagraphs 39.1(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

39.3 Subparagraph 39.2 does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

(d) Advertising for Specific Audience & Target Driven Purchases

40 Unsolicited bids

40.1 In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

40.2 The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

- (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
- (c) the person who made the bid is the sole provider of the product or service; and
- (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

40.3 If the accounting officer decides to consider an unsolicited bid that complies with subparagraph 40.2 of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

- (a) reasons as to why the bid should not be open to other competitors;
- (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
- (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

40.4 The accounting officer must submit all written comments received pursuant to subparagraph 40.3, including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

40.5 The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

40.6 A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

40.7 When considering the matter, the adjudication committee must take into account

–

- (a) any comments submitted by the public; and

- (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

40.8 If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.

40.9 Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

41 Combating of abuse of supply chain management system

41.1 The accounting officer must—

- (a) take all reasonable steps to prevent abuse of the supply chain management system;
- (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
 - (i) take appropriate steps against such official or other role player; or
 - (ii) report any alleged criminal conduct to the South African Police Service;
- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) reject any bid from a bidder—
 - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality or to any other municipality or municipal entity, are in arrears for more than three months; or

- (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
- (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) cancel a contract awarded to a person if –
 - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
 - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) reject the bid of any bidder if that bidder or any of its directors –
 - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
 - (ii) has been convicted for fraud or corruption during the past five years;
 - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
 - (iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

41.2 The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs 41.1(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

42 Logistics management

The accounting officer must establish and implement an effective system of logistics management, which must include -

- (a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;
- (b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;
- (c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;
- (d) before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;
- (e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;
- (f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and
- (g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

43 Disposal management

- (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act,:
- (2) Assets may be disposed of by –
 - (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
 - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

- (iii) selling the asset; or
 - (iv) destroying the asset.
- (3) The accounting officer must ensure that –
- (a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
 - (b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
 - (c) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
 - (d) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
 - (e) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and
 - (f) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

The Disposal Management Process

For the purpose of the Disposal Management Process the Accounting Officer must ensure that the following steps are followed:

- Obsolescence planning must be effected, depreciation rates per item calculated
- A data base for all redundant assets must be compiled & maintained
- Assets to be disposed must be inspected for potential re use
- Determination for the asset disposal strategy

44 Risk management

44.1 The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follow

44.2 Risk management must include –

- (a) the identification of risks on a case-by-case basis;
- (b) the allocation of risks to the party best suited to manage such risks;
- (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
- (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
- (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

45 Performance management

The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

Part 4: Other matters

46 Prohibition on awards to persons whose tax matters are not in order

46.1 No award above R30 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

46.2 Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

46.3 If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph 46.1 be presumed to be in order.

47 Prohibition on awards to persons in the service of the state

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –

- (a) who is in the service of the state;
- (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
- (c) a person who is an advisor or consultant contracted with the municipality.

48 Awards to close family members of persons in the service of the state

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

- (a) the name of that person;
- (b) the capacity in which that person is in the service of the state; and
- (c) the amount of the award.

49 Ethical standards

49.1 A code of ethical standards as set out in the "*National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management*" is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –

- (a) mutual trust and respect; and
- (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

The code of conduct for Supply Chain Management Practitioners is as follows:

- Conflict of Interest: (Declaration of business, commercial and financial interests)
- Accountability: (For decisions and actions, scrupulous usage of public property, committing government through transactions for procurement of goods and services, recording and accounting for all transactions in an appropriate financial system)
- Openness: (regarding decisions and actions taken, provide reasons for such)
- Confidentiality: (protection of government and supplier information)
- Prevention of combative practices which are unethical and illegal

49.2 An official or other role player involved in the implementation of this Policy –

- (a) must treat all providers and potential providers equitably;
- (b) may not use his or her position for private gain or to improperly benefit another person;
- (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
- (d) notwithstanding subparagraph 49.2(c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
- (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality
- (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that

person, or any close family member, partner or associate, has any private or business interest;

- (g) must be scrupulous in his or her use of property belonging to municipality
- (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including
 -
 - (i) any alleged fraud, corruption, favouritism or unfair conduct;
 - (ii) any alleged contravention of paragraph 50(1) of this Policy; or
 - (iii) any alleged breach of this code of ethical standards.

49.3 Declarations in terms of subparagraphs 49.2(d) and (e) -

- (a) must be recorded in a register which the accounting officer must keep for this purpose;
- (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.

49.4 The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.

49.5 A breach of the code of ethics must be dealt with as follows -

- (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
- (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
- (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

50 Inducements, rewards, gifts and favours to municipality officials and other role players

50.1 No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –

- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
- (b) any reward, gift, favour or hospitality to –
 - (i) any official; or
 - (ii) any other role player involved in the implementation of this Policy.

50.2 The accounting officer must promptly report any alleged contravention of subparagraph 50.1 to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

50.3 Subparagraph 50.1 does not apply to gifts less than R350 in value.

51 Sponsorships

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

- (a) a provider or prospective provider of goods or services; or
- (b) a recipient or prospective recipient of goods disposed or to be disposed.

52 Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system may, within 14 days of the decision or action-

- (a) if the objection or complaint is against the procurement process, submit a written objection or complaint against the decision or action to the accounting officer of the municipality who shall in turn, respond to the complainant in providing reasons for the bidder's unsuccessful bid.
- (b) If the bidder is not satisfied within a period of 14 days submit his/her appeal to the Municipal Manager who shall then refer the written appeal or complaint to the independent and impartial person referred to in paragraph 50 for resolution; or
- (c) if such complaint or objection is against the award of a bid, lodge a written appeal with the Municipal Bid Appeals Tribunal in accordance with the provisions of paragraph 50A.

53 Resolution of disputes, objections and complaints against Procurement Process

- (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes to assist in the resolution of objections and complaints between the municipality and any other person regarding –
 - (a) the implementation of the procurement process in terms of the supply chain management system; or
 - (b) any matter arising from the implementation of the procurement process in terms of the supply chain management system.

- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must -
 - (a) strive to resolve promptly all objections or complaints received; and
 - (b) submit monthly reports to the accounting officer on all such objections and complaints received, attended to or resolved.
- (4) If the independent and impartial person referred to in paragraph 53.1, is of the view that a matter which should be dealt with in terms of paragraph 53A, he or she shall forthwith refer the matter to the Municipal Bid Appeals Tribunal and that Tribunal shall then hear and determine the matter in accordance with the provisions of paragraph 50A.
- (5) An objection or complaint may be referred to the KwaZulu-Natal Provincial Treasury if:
 - (a) the objection or complaint is not resolved within 60 days; or
 - (b) no response is forthcoming within 60 days.
 - (1) If the Provincial Treasury does not or cannot resolve the matter, the objection or complaint may be referred to the National Treasury for resolution.

53 A. Municipal Bid Appeals Tribunal

- (1) The council shall establish a Municipal Bid Appeals Tribunal for its area of jurisdiction to hear and determine an appeal against the award of a bid.
- (2) The accounting officer of the municipality, in consultation with the Provincial Treasury, shall appoint the Chairperson, Deputy Chairperson and Members of the Municipal Bid Appeals Tribunal.

- (3) The powers, duties and functions of the Municipal Bid Appeals Tribunal, and matters incidental thereto, are set out in the Rules which are appended to this Supply Chain Management Policy and marked Appendix A.
- (4) The administrative and secretarial work involved in the performance of the duties and functions of the Municipal Bid Appeals Tribunal shall be performed by officers of the Provincial Treasury as set out in the Rules referred to in paragraph 53A.3.
- (5) There shall be no further appeal against a decision of the Municipal Bid Appeals Tribunal.”

54 Contracts providing for compensation based on turnover

If a service provider acts on behalf of municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –

- (a) a cap on the compensation payable to the service provider; and that such compensation must be performance based.

55 Preferential procurement aim

55.1 The aim of this section of the Municipality’s Supply Chain Management Policy is to give effect to, and to ensure compliance with, all applicable legislation and national directives in respect of preferential procurement.

55.1.1 The following procurement strategies are addressed in this section:

- 55.1.1.1 the application of a preference point system in terms of the Preferential Procurement Regulations, 2022 and Preferential Procurement Policy Framework Act
- 55.1.1.2 the stipulation, in bid documentation, of minimum thresholds for local production and content in accordance with directives issued by the National Treasury and Department of Trade and Industry.
- 55.1.1.3 the unbundling of large projects, where appropriate, into smaller contracts to ensure that a spread of opportunities are made available to suppliers, service providers and construction

contractors of various sizes.

- 55.1.1.4 the use of functionality/quality, where appropriate, in procurement processes in order to ensure that goods supplied are fit for purpose, or that a minimum level of experience and competence in respect of service providers or construction contractors is attained.
- 55.1.1.5 the increase of employment opportunities by ensuring the use of labour intensive technologies.
- 55.1.1.6 the targeting of labour and/or enterprises from specific areas within the boundaries of the Emakhazeni Municipal area.
- 55.1.1.7 Preferential procurement is further enhanced by provisions aimed at improved access to information, simplification of documentation; deduct performance from payment invoices, reduced payment cycles and good governance.
- 55.1.1.8 Key Principles of the Preferential Procurement System

55.2 The key principles of this system are:

- 55.2.1 the application of an 80/20 preference point system for procurement (competitive bids or quotations) with a Rand value of greater than R30 000 but less than or equal to R50 million;
- 55.2.2 the application of a 90/10 preference point system for procurement (competitive bids) with a Rand value greater than R50 million;
- 55.2.3 that bids must be declared non-responsive if they fail to achieve a minimum score for functionality (quality), if indicated in the bid documents.
- 55.2.4 The preference point system shall be used in the evaluation of responsive bids for the purposes of determining preferred/recommended bidders, and for the adjudication thereof.
- 55.2.5 The preference point system is not applicable to petty cash purchases.

55.3 Planning and Stipulation of Preference Point System

55.3.1 Prior to embarking on any procurement process, the Responsible Department must properly plan for, and, as far as possible, accurately estimate the cost of the goods, services or construction works for which bids are to be invited.

55.3.2 The Bid Specifications Committee shall determine the appropriate preference point system to be used in the evaluation and adjudication of bids, and shall ensure that such is clearly stipulated in the bid documentation.

55.3.3 The Bid Specification Committee shall determine whether the goods, services or construction works which are to be procured, have been designated for local production and content by the National Treasury or Department of Trade and Industry, in which case the requirements as above shall be followed.

55.3.4 Pre-qualification criteria for Preference Procurement

55.3.5 Tenders to be Evaluated on Functionality

55.4 Evaluation of Bids on Functionality (Quality)

55.4.1 Functionality (otherwise known as quality) may be included in the bid evaluation process as a qualifying (eligibility) criterion.

55.4.2 If a bid is to be evaluated on functionality, this must be clearly stated in the invitation to submit a bid, and in the bid documentation.

55.4.3 The evaluation criteria for measuring functionality must be objective.

55.4.4 When evaluating bids on functionality, the evaluation criteria for measuring functionality; weight of each criterion; applicable values; and minimum qualifying score for functionality, must be clearly stipulated in the bid document.

55.4.5 Closed bidding may be considered for contract management for specialised projects

55.4.6 If a bid fails to achieve the minimum qualifying score for functionality as indicated in the bid document, it must be regarded as non-responsive, and be rejected (not considered any further in the evaluation process).

55.4.7 Bids that have achieved the minimum score for functionality, and passed any other responsiveness tests, must be evaluated further in terms of the preference point system prescribed below.

55.5 Evaluation and Adjudication of Bids

55.5.1 An 80/20 preference point system is stipulated for bids with a Rand value of greater than R30 000, but less than or equal to R 50 million, and a 90/10 preference point system of procurement with a Rand value of greater than R 50 million.

55.5.2 This means that either 80 or 90 points, depending on the Rand value of the bid, will be awarded to the person who offers the lowest acceptable price, and who obtained the highest score on specific goals.

55.6 Cancellation and Re- invitation of Bids

55.6.1 In the event that, in the application of the 80/20 preference point system as stipulated in the bid documents, all bids received exceed a value of R 50 million, the

bids must be cancelled.

55.6.1 If one or more of the acceptable bids received are within the prescribed threshold of R 50 million, all bids received must be evaluated on the 80/20 preference point system.

55.6.2 In the event that, in the application of the 90/10 preference point system as stipulated in the bid documents, all bids received are equal to, or below R 50 million, the bids must be cancelled.

55.6.3 If one or more of the acceptable bids received are above the prescribed threshold of R 50 million, all bids received must be evaluated on the 90/10 preference point system.

55.6.4 Bids cancelled in terms of clauses 15 above must be re-invited, with the correct preference point system clearly stipulated in the bid documents. The 80/20 Preference Point System for the Procurement (Acquisition) of Goods, Services or Construction Works up to a Rand Value of R 50 million

55.7 BEE Status Level Certificates

55.7.1 In order to qualify for preference points on specific goals, Exempted Micro Enterprises must have submitted, to the Municipality, a certificate issued by a registered auditor, accounting officer (as contemplated in section 60(4) of the Close Corporation Act, 1984 (Act No. 69 of 1984) or an accredited verification agency, confirming their status as such.

55.7.2 Bidders other than Exempted Micro Enterprises must submit, to the Municipality, their original and valid B-BBEE status levels verification certificate, or a certified copy thereof, substantiating their B-BBEE status level of contributor.

55.7.3 The submission of such certificates must comply with the requirements of instructions and guidelines issued by the National Treasury and be in accordance with notices published by the Department of Trade and Industry in the Government Gazette.

55.7.4 Bidders who fail to submit the required certificates, or certified copies thereof, will be deemed to be non-compliant contributors.

55.7.5 Where specific sector charters have been gazetted in terms of the B-BBEE Act, bid documentation for procurement from within such sectors, must specify that only persons verified in terms of the particular sector charter (or Code of Good Practice), or Exempted Micro Enterprises, will qualify for a preference. A status level of contributor in respect of generic Codes of Good Practice will not, in such circumstances, qualify for any preference.

55.7.6 Where no specific sector charter has been gazetted, persons other than Exempted Micro Enterprises must be verified in terms of the gazetted generic

55.8 Codes of Good Practice in order to qualify for a preference.

55.8.1 For the purposes of transparency, bidders shall, in respect of all competitive bids (over R200 000), be required to claim, in their bid submission, a preference in accordance with their B-BBEE status.

55.8.2 Notwithstanding what is contained in the bid submission, preference points will be allocated during the bid evaluation process in accordance with the verified B-BBEE status level (or deemed status level) of contributor.

55.9 Conditions Relating to the Granting of Preferences

- 55.9.1 Bidders must, in the manner stipulated in the bid documentation, declare that: the information provided is true and correct; the signatory to the bid document is duly authorised; and documentary proof regarding any bidding issue will, when required, be submitted to the satisfaction of the Municipality.
- 55.9.2 Only bidders who have completed and signed the necessary declarations must be considered.
- 55.9.3 The Bid Evaluation Committee must, when calculating comparative prices, take into account any discounts which have been offered unconditionally.
- 55.9.4 A discount which has been offered conditionally must, despite not being taken into account for evaluation purposes, be implemented when payment is effected.
- 55.9.5 A trust or joint venture will qualify for preference points for their B-BBEE status level as a legal entity, provided that the entity has submitted its verified B-BBEE status level certificate (or certified copy thereof) to the Municipality.
- 55.9.6 A trust or joint venture will qualify for preference points for their B-BBEE status level as an unincorporated entity, provided that the entity has submitted its consolidated B-BBEE scorecard as if it is a group structure and that such a consolidated B-BBEE scorecard is prepared for every separate bid.
- 55.9.7 The consolidated B-BBEE scorecard must be submitted in the form of a certificate issued by an accredited verification agency (or a certified copy thereof).
- 55.9.8 A bidder must not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that the bidder qualifies for, unless the intended sub-contractor is an Exempted Micro Enterprise that has the capability and ability to execute the sub-contract.
- 55.9.9 A bidder that has been awarded a contract must not sub-contract more than 25% of the value of the contract to enterprises that do not have an equal or higher B-BBEE status level than the bidder concerned, unless the sub-contractors are Exempted Micro Enterprises that have the capability and ability to execute the sub-contract. Compliance with this particular requirement must be monitored by the Responsible Agent during the execution of the contract.
- 55.9.10 30% of the subcontracting is compulsory to local people/companies (EML) irrespective where the main contractor is coming.
- 55.9.11 If a service is required that can only be provided by tertiary institutions, such services must be procured through a bidding process from the identified tertiary institutions.
- 55.9.12 The tertiary institutions referred to in paragraph 55.9.11 above, must submit their B-BBEE status in terms of the specialized scorecard contained in the B-BBEE

55.10 Codes of Good Practice

- 55.10.1 If a service is required that can be provided by one or more tertiary institutions or public entities and enterprises from the private sector, the appointment of a service provider/contractor must be done by means of a competitive bidding process.
- 55.10.2 Public entities must submit their B-BBEE status in terms of the specialized scorecard contained in the gazetted B-BBEE Codes of Good Practice.
- 55.11 Subcontracting as a Condition of Tender
 - 55.11.1 To subcontract for all contraction projects, an organ of state

must apply subcontracting to advance designated groups.

55.11.2 If an organ of state applies subcontracting as contemplated in subregulation (1), the organ of state must advertise the tender with a specific tendering condition that the successful tenderer must subcontract a minimum of 30% of the value of the contract to-

- (a) an EME or QSE
- (b) an EME or QSE which is at least 51% owned by black people;
- (c) .an EME or QSE which is at least 51% owned by black people who are youth;
- (d) an EME or QSE which is at least 51% owned by black people who are women;
- (e) an EME or QSE which is at least 51% owned by black people with disabilities;
- (f) an EME or QSE which is at least 51% owned by black people living in rural or underdeveloped areas or township;
- (g) a cooperative which is at least 51% owned by black people;
- (h) an EME or QSE which is at least 51% owned by black people who are military veterans; or more than one of the categories referred to in paragraphs (a) to (h)

55.11.3 the organ of state must make available the list of all suppliers registered on the Database approved by the National Treasury to provide the required goods or services in respect of the applicable designated groups mentioned in subregulation (52.11.2) from which the tenderer must select a supplier.

55.12 Subcontracting after Award of Tender

55.12.1 a person awarded a contract must only enter into a subcontracting arrangement with the approval of the organ of state.

55.12.2 a person awarded a contract in relation to a designated sector, may not subcontract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

55.12.3 a person awarded a contract must not subcontract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level of contributor than the person concerned, unless the contract is subcontracted to an EME that has the capacity and ability to execute the subcontract.

55.13 Targeted Labour and/or Targeted Enterprises

55.13.1 The targeting of labour and/or enterprises from specific areas within the boundaries of the Emakhazeni Local Municipal area may be achieved, where appropriate, by specifying in the bid documents, a minimum level of participation (a contract participation goal) that must be achieved in respect of targeted labour and/or targeted enterprises in the performance of the contract.

55.13.2 Specified contract participation goals must be measurable and achievable, and the performance in respect of which must be monitored by the

Responsible Agents during the execution of the contract.

55.13.3 Where a minimum contract participation goal has been specified in respect of targeted labour and/or enterprises, the contractor is obliged to meet that goal, and must be penalised if he or she does not.

55.13.4 Contract participation goals in respect of targeted labour and/or enterprises may not be introduced into the preference point system used for the evaluation of bids.

55.14 Remedies

55.14.1 If an organ of state is of the view that a tenderer submitted false information regarding a specific goal, it must—

- (a) inform the tenderer accordingly; and
- (b) give the tenderer an opportunity to make representations within 14 days as to why the tender may not be disqualified or, if the tender has already been awarded to the tenderer, the contract should not be terminated in whole or in part.

55.14.2 After considering the representations referred to in subregulation 55.14.1(b), the organ of state may, if it concludes that such information is false—

- (a) disqualify the tenderer or terminate the contract in whole or in part; and
- (b) if applicable, claim damages from the tenderer.

55.14.3 Action in Respect of Fraud or Non-performance

55.14.3.1 The Accounting Officer must, upon detecting that the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis, or that any of the conditions of the contract have not been fulfilled, act against the bidder or person awarded the contract.

55.14.3.2 The Accounting Officer may, in addition to any other remedy that he may have against the bidder or person awarded the contract: cancel the contract and claim any damages which the Municipality might have suffered; disqualify the person from the bidding process; recover all costs, losses or damages it has incurred or suffered as a result of that person's conduct; suffered as a result of having to make less favourable arrangements due to such cancellation; Expanded Public Works Programme restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis and or non performance, from obtaining business from the Municipality for a period not exceeding 10 years, after the audi alteram partem (hear the other side) rule has been applied; and forward the matter for criminal prosecution.

55.15 Calculation of Penalties

55.15.3 Penalties for failure to comply with specific terms and conditions of the Contract must be clearly stipulated in the bid/contract document and must be applied should the terms or conditions not be met.

55.15.4 The penalty to be applied for sub-contracting more than 25% of the value of a contract to enterprises that do not qualify for at least the preference points that the prime contractor qualified for (unless the sub-contractors are Exempted Micro Enterprises) shall be as provided for in any prescribed standard contract

documentation, failing which the following formula shall be stipulated:

Penalty = 0.5 × E (%) × P* Where:

E = The value of work (excluding VAT), executed by sub-contractors that do not qualify for at least the preference points that the prime contractor qualified for, expressed as a percentage of P*, less 25%

P* = Accepted bid sum less provisional sums, contingencies and VAT.

55.15.5 The penalty to be applied for non-compliance with specified contract participation goal, is as follows: Penalty = (CPG – CPG) x P* s a

Where:

CPG = The minimum Contract Participation Goals specified (expressed as a percentage). CPG^a = The Contract Participation Goal achieved (expressed as a percentage).

P* = Accepted bid sum less provisional sums, contingencies and VAT.

55.15.6 Within the context of preferential procurement, one of the strategies to encourage and assist entry into Local Government procurement by emerging businesses is to simplify and/or standardise bid/contract documentation wherever possible.

55.15.7 To this end, the Municipality will prepare a suite of standard documentation and, where appropriate, simplified bid/contract documents for use in the Municipality's procurement process as and where applicable.

55.15.8 Where standard bid/contract documentation is prescribed in terms of legislation (the CIDB Standard for Uniformity, for example) such standard documentation must be used for the procurement of goods, services and/or construction works, as applicable.

55.16 Guarantees for Due Performance

55.16.3 Main contractors must ensure that when performance guarantee is required, payment of such guarantee covers the subcontractor

55.16.4 The performance guarantees required for construction works are as follows:

55.16.4.1 In respect of a Rand value less than or equal to R 500 000: 2, 5% may be waived in respect of PE / EME (that is, no performance guarantee is required);

55.16.4.2 In respect of a Rand value exceeding R 500 000, but less than or equal to R1 000 000 : 5% of the bid sum;

55.16.4.3 In respect of a Rand value exceeding R 500 000, but less than or equal to R1000 000 : 5% of the bid sum;

55.16.4.4 In respect of Goods/ Services and professional services exceeding the R10 000000, a 12% professional indemnity will be required

The value of the performance guarantee for projects above R 10 000 000 may be increased with approval .

55.17 Retention

55.17.3 Retention for procurement of goods and services (including consultant services) will not generally be called for, but where required, will be in accordance with the limits set for construction works below:

55.17.4 The value of retention to be deducted in respect of construction works contracts shall be as follows:

55.17.5 In respect of a Rand value less than or equal to R0 - R500 000: No retention is called for;

55.17.6 In respect of a Rand value exceeding R500 000, but less than or equal to R 1 000 000: 5% of the value of work carried out with no limit, reducing by half for the duration of the defects liability period;

55.17.7 In respect of a Rand value exceeding R1 000 000 : 10% of the value of work carried out with no limit, reducing by half for the duration of the defects liability period;

unless otherwise provided for in the standard conditions of contract prescribed.

- 55.18 Where consultant services are to be completed at the end of the defects liability period in respect of a goods/and or services rendered, the value of this work (typically 5%) may be invoiced at the end of the project period, but shall be held as retention until the completion of the service (typically, an end of defects liability period inspection and the preparation of the final account). Alternatively, the value of this work must be budgeted for in the following financial year. the above retention limits may be increased with the approval of the Accounting Officer. Financial guarantees in lieu of retention are, in general, not acceptable and an Insurance of works shall be provided for all works carried out or services rendered.

56 Community Based Vendors

- 56.1 The Head of Supply Chain Management may request quotations directly from Community Based Vendors in a specific area or from a specific community for the procurement of goods and services for amounts less than R30 000 (including construction works). Range of Procurement Processes
- 56.2 Goods and services, including construction works and consultant services shall be procured through the range of procurement processes as set out
- 56.3 ELM being a CRDP Municipality is aiming at promoting local suppliers by meeting the following targets:
- 56.3.1 Local Youth-Owned suppliers 40%
 - 56.3.2 Local Women-Owned suppliers 30%
 - 56.3.3 Local Disabled persons-Owned suppliers 30%

57 No of Payments made to suppliers not registered on municipal supplier database and central supplier database

The Municipality will not make payment to any Service Provider, Supplier or Subcontractor unless such entity or individual is registered on the Municipality's Supplier Database and the National Treasury Central Supplier Database.

58 The procurement of goods and services listed below will not constitute deviation in terms of S39:–

- 58.1 water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

- 58.2 electricity from Eskom or another public entity, another municipality or a municipal entity;
- 58.3 goods and services in respect of servicing of fleet at the dealership. eg Toyota, Nissan, Audi, BMW etc.
- 58.4 accommodation in hotel/lodge where one has to attend a course/workshop/event, or from nearest available (not more than 3 star) hotel/lodge if fully booked;
- 58.5 goods and services procured from other spheres of government, e.g. licensing documents from Government Printing Works, etc

59 Extending or varying a contract

Subject to subsection (2), the municipality on its own initiative or upon receipt of an application from the person, body, organisation or corporation supplying goods or services to the municipality in terms of this policy, may resolve to extend or vary a contract if:

- (a) the circumstances as contemplated in paragraph 39[1][a] prevail; or
- (b) with due regard to administrative efficiency and effectiveness, the accounting officer deems it appropriate.

(2) The municipality may not extend or vary a contract:

- (a) more than once;
- (b) for a period exceeding the duration of the original agreement; or
- (c) for an amount exceeding twenty [20] percent of the original bid value.

(3) Within one [1] month of the decision referred to in sub-paragraph (1), the matters specified in sub-paragraph (4) must be:

- (a) published by the municipality at least in an appropriate newspaper circulating within the boundaries of the municipality; and
- (b) displayed at a prominent place that is designed for that purpose by the municipality.

(4) The matters to be published or displayed are:

- (a) the reasons for dispensing with the prescribed procedure;
- (b) a summary of the requirements of the goods or services; and

(c) the details of the person, body, organization or corporation supplying the goods or services.

(5) The functions of the accounting officer in terms of this section may not be assigned nor delegated.

60 CESSION OF CONTRACTS (MFMA CIRCULAR NO. 120)

In terms of MFMA Circular 120, the application of cession is limited **only** to those cession agreements in favour of Registered Financial Services Providers (FSP's) and State Institutions established for the express purpose of providing funding to businesses and entities (State Institutions).

Therefore, cession shall **only** be applicable as follows:

1. Cession must only be applicable to the transfer of right to payment for services rendered by a service provider to a Registered Financial Services Provider (FSP) or State Institutions;
2. The written request for cession must be made by the service provider and not a third party; and
3. The written request by the service provider must be accompanied by the cession agreement.

61 REPEAL OF REGULATIONS

61.2 Subject to Preferential Procurement Regulations, 2022 published in Government Gazette No. 47452, the Preferential Procurement Regulations, 2017 published in Government No. 40553 of 20 January 2017, are hereby repealed with effect from the 16 January 2022.

61.3 Any tender advertised before the date 16 January 2022 must be dealt with in terms of the Preferential Procurement Regulations, 2017.

62 Commencement

This Policy takes effect retrospectively from 16/01/2023

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WONDER SHABANGU

MUNICIPAL MANAGER